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UNCLAS SECTION 01 OF 03 DJIBOUTI 001202

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STATE FOR AF, AF/E AND DRL;
LONDON, PARIS FOR AFRICA WATCHER;

E.O. 12958: N/A

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SUBJECT: BUS UNIONS AND GOVERNMENT REACH
FINAL SOLUTION TO RECENT STRIKES

REF: DJIBOUTI 1068

1. Summary: On October 22, 2005, bus and taxi unions called for a general strike following a rise in fuel costs. The strike paralyzed the country and greatly affected public transportation users during the Ramadan. The government initially responded with tough measures, which caused students and parents to join the strikers. As the situation worsened, the government invited union members to the negotiation table. The talks resulted in the resumption of public transportation and concrete advantages for buses and taxis drivers. End Summary.

2. On October 22nd, a general strike by bus and taxi drivers disrupted the public transportation of Djibouti. It was a 100 percent general strike, the first of its kind in Djibouti because buses and taxis have normally held separate strikes in the past. In addition, buses going to the districts and trucks bringing livestock to the capital stopped their services. The population was severely affected because they had to walk long distances while fasting for the holy month of Ramadan. Some resorted to staying home, causing empty schools, markets and work places, giving Djibouti City the appearance of a ghost town. Police and army trucks were mobilized to carry as many hikers as possible, especially school kids. People living in Balbala, located on the outskirts of Djibouti City, had to walk greater distances.

3. (U) The call for the strike followed a meeting between public transportation unions and the government, which came to a dead end. In this meeting, union members indicated that the rise in fuel costs was the last straw after a series of other price increases in food staples and electricity. As the strike completely paralyzed the country, the government quickly organized another meeting with union members. As a result, union leaders agreed that services should resume while the government was reviewing union requests. However, the drivers responded they did not trust the government would promote their interests if they stopped the strike.

4. (U) The government made a public announcement asking the drivers to immediately stop the strike to avoid serious sanctions. The buses and taxis drivers unanimously refused to obey the government injunctions. The government responded by jailing some drivers and confiscating some vehicles. High school and college students went to the streets in solidarity with the strikers and burned tires, aggravating the situation. Some parents joined their kids and also demonstrated to show their discontent with the high cost of living. The police responded with tear gas and real bullets in one instance (See reftel).

5. (U) The government quickly put together a crisis unit formed by members of the Ministries of Transportation, Interior and Finance in order to bring the union back to the table and engage in negotiations. The meeting was televised and widely covered in the local media. The union leaders complained about the high cost of fuel, insurance and other related charges. They complained that annual fees and taxes prevented them from earning a decent income,

including annual insurance cost of DF 258,000 (US\$ 1,458), licensing fee of DF 56,000 (US\$ 316), and road tax of DF 25,000 (US\$ 141). In spite of the government's recent reduction in taxes, the situation is exacerbated when daily costs are added, such as fuel running between DF 8,500 (US\$ 48) and DF 14,500 (US\$ 82) and the frequent need for expensive parts for repairs caused by poor conditions of the roads. They added that their vehicles needed new tires every three months also because of the bad roads.

16. (U) Government representatives argued that the cost of fuel is determined by the international market but that they were doing their best to keep the price of fuel down. Three kinds of taxes are levied by the government: the Internal Consumption Tax (known as TIC), surtax and special fees. A finance law related to the state budget fixes the tax and surtax so the only part that can be adjusted is the special fees. For instance, in July 2005 a liter of diesel oil cost around 137 DF (\$0.77) at gas stations instead of 145 DF (\$0.82) if the pricing structure was applied, which means that special fees were reduced. Consequently, the government was able to decrease 8 DF (\$0.05) per liter by adjusting the special fees part of the pricing structure. The same efforts were carried out by the government in August, September and October during which the cost of the liter of diesel oil was maintained at 137 DF (\$0.77) during August (instead of 148 DF (\$0.84)) and at 137 DF (\$0.77) in September (instead of 149 DF (\$0.84)) and at 143DF (\$0.81) in October (instead of 155 DF (\$0.88)). As a result of the adjustments, the Ministry of Finance claimed it suffered a loss of income equal to DF 535 Million (US\$ 3.02 Million) between January and October 2005.

17. (U) The government appeared eager to solve the crisis, which impacted the economy and the social life of the country. After long negotiations, both parties agreed to meet again on November 16, after Ramadan. Bus and taxi drivers resumed temporarily their services after three days of striking. This strike clearly showed that public transportation constitutes an essential link in the economic and social life of the country. The population was relieved because they were preparing for the holiday festivities, which required reliable public transportation.

18. Cost of fuel at the pump is determined by several factors. State taxes, storage fees, distribution charges, oil company margins, and profits of resellers are added to the initial price of fuel when it arrives at the port. The cost of a liter of regular fuel increased from DF 163 (US\$ 0.92) in January 2003 to DF 231 (US\$ 1.31) in October 2005, a hike of more than 41 percent. The increase was more pronounced for diesel fuel, which jumped from DF 94 (US\$ 0.53) in January 2003 to DF 143 (US\$ 0.81) in October 2005, more than a 52 percent rise.

19. The government-owned newspaper "La Nation" said union members took the country and its population as hostages. It added that the drivers did not act as negotiators but gave orders to government representatives during the talks. On November 3, President Guelleh, in his speech of Eid El-Fitr, said that the hike in oil prices was an international issue and that the population should be patient. He added that he called for oil producing countries to show some generosity towards poor countries. He finished by saying that the law will punish those who try to harm the security or the stability of the country.

10. The opposition paper "Le Renouveau" reported the death of a high school student on October 24, killed by the police during the demonstration started by the population in Belbela. The paper also reported the arrest of more than twenty drivers by the police. In addition, the paper accused

President Guelleh of "fleeing" to Saudi Arabia when the population needed him the most and giving instead strict instructions to restore order. (Note: Guelleh went to Saudi Arabia for Imra, a minor pilgrimage during Ramadan. End Note.) The opposition paper deplored that President Guelleh congratulated his police forces and did not express regret or excuse for the "assassination" of the student. Finally, the Djiboutian League of Human Rights condemned the killing of the young man and requested the government to investigate and bring the perpetrator to justice.

11. Talks resumed November 16 between the government and transportation unions at the office of the Ministry of Interior. The Ministers of Transportation, Interior and Finance met with union representatives. The government favorably answered the two main requests of the unions, namely a decrease in fuel cost and insurance. The government promised to decrease the cost of the fuel and insurance. With the approval of insurance companies, the rate of insurance coverage was decreased by 11.72 percent for public carriers, effective January 2006. On November 22, 2005, the cost of diesel fuel, mainly used by buses was decreased to DF 137 (\$0.77) per liter but the regular fuel stayed at the same price of DF 231 (\$1.30). Other advantages included promises of participation from union members to the administration board of insurances and promises of integration of union members into the committee in charge of the creation of the project to reorganize the public transportation sector.